

TRANSPORTATION

Budget Summary						FTE Position Summary				
Fund	2014-15 Adjusted Base	Request		2015-17 Change Over Base Year Doubled		2014-15	Request		2016-17 Over 2014-15	
		2015-16	2016-17	Amount	%		2015-16	2016-17	Number	%
GPR	\$136,280,600	\$266,999,300	\$281,364,200	\$275,802,300	101.2%	0.00	0.00	0.00	0.00	N.A.
FED	840,469,400	827,641,400	827,478,000	- 25,819,400	- 1.5	833.52	832.52	827.52	- 6.00	- 0.7%
PR	5,676,000	6,047,400	6,047,400	742,800	6.5	19.00	19.00	19.00	0.00	0.0
SEG	1,685,723,000	2,033,124,100	2,133,923,700	795,601,800	23.6	2,654.52	2,654.52	2,654.52	0.00	0.0
SEG-L	107,886,100	107,886,100	107,886,100	0	0.0	0.00	0.00	0.00	0.00	N.A.
SEG-S	240,516,800	407,427,500	357,427,500	283,821,400	59.0	5.00	5.00	5.00	0.00	0.0
TOTAL	\$3,016,551,900	\$3,649,125,800	\$3,714,126,900	\$1,330,148,900	22.0%	3,512.04	3,511.04	3,506.04	- 6.00	- 0.2%
BR		\$920,225,900								

Major Request Items

Transportation Finance

1. FUND CONDITION STATEMENT

The following table shows the 2015-17 transportation fund condition statement reflecting the Department of Transportation's budget request. The "General Fund Transfer" amounts have been adjusted to equal 1% of the general fund tax estimates included in the Department of Administration's November 20, 2014, summary of agency budget requests. The "Other Agency Appropriations" amounts reflect the requests of other agencies that have transportation fund appropriations, plus the amounts that DOT anticipates will be needed by the Department of Revenue (DOR) to fund administrative costs associated with implementing the proposed changes to the motor vehicle fuel tax.

	<u>2015-16</u>	<u>2016-17</u>
Unappropriated Balance, July 1	\$12,000,000	\$9,768,900
Revenues		
Motor Fuel Tax	\$1,170,259,100	\$1,236,059,100
Vehicle Fees		
Registration	671,678,500	674,500,100
Highway Use	157,985,000	220,941,000
Less Revenue Bond Debt Service	-249,414,200	-273,452,800
General Fund Transfer	150,354,000	156,529,000
Petroleum Inspection Fund Transfers	27,258,500	27,258,500
Driver's License Fees	38,342,900	37,914,200
Miscellaneous Motor Vehicle Fees	28,528,100	28,709,000
Aeronautical Taxes and Fees	8,140,400	8,341,600
Railroad Taxes and Fees	31,448,400	31,585,900
Miscellaneous Departmental Revenues	<u>25,678,300</u>	<u>27,851,800</u>
Total Annual Revenues	\$2,060,259,000	\$2,176,237,400
 Total Available	 \$2,072,259,000	 \$2,186,006,300
Appropriations and Reserves		
DOT Appropriations	\$2,032,749,000	\$2,133,548,600
Other Agency Appropriations	26,417,200	29,388,400
Less Estimated Lapses	-3,500,000	-3,500,000
Compensation and Other Reserves	<u>6,823,900</u>	<u>13,543,400</u>
Net Appropriations and Reserves	\$2,062,490,100	\$2,172,980,400
 Unappropriated Balance, June 30	 \$9,768,900	 \$13,025,900

2. PROPOSED TRANSPORTATION FUND TAX AND FEE CHANGES

The Department's request would make a number of modifications to transportation fund taxes and fees. The following table summarizes the fiscal effect of these changes, which are described in more detail in subsequent entries.

	<u>2015-16</u>	<u>2016-17</u>	<u>Biennial Total</u>
Highway Use Fee	\$157,985,000	\$220,941,000	\$378,926,000
Motor Vehicle Fuel Tax Changes	152,175,500	206,275,000	358,450,500
Oversize/Overweight Vehicle Permit Fee Increase	3,750,000	5,000,000	8,750,000
Hybrid/Electric Vehicle Fee	1,675,800	3,982,000	5,657,800
Market-Based Fees for Bulk Data and Records	750,000	1,000,000	1,750,000
State-Owned Rail Line User Fee	412,500	550,000	962,500
Increase Motorcycle Registration Fee	274,700	30,500	305,200
Registration Credit for Diesel Fuel-Powered Passenger Vehicles	<u>-1,099,000</u>	<u>-2,262,600</u>	<u>-3,361,600</u>
 Total	 \$315,924,500	 \$435,515,900	 \$751,440,400

3. HIGHWAY USE FEE

SEG-REV	\$378,926,000
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Request the creation of a highway use fee, effective October 1, 2015, for the initial, private registration of new, light passenger vehicles (including automobiles, vans, sport utility vehicles, and light trucks with a gross vehicle weight of 8,000 pounds or less, and motorcycles) equal to 2.5% of the manufacturer's suggested base retail price (MSRP), which would be defined to exclude destination charges. Specify that municipal-plated and farm-use-plated vehicles, as well as commercial vehicles with a gross vehicle weight in excess of 8,000 pounds, would be exempt from the fee. Create an enforcement provision penalizing motor vehicle dealers who misrepresent the base MSRP or the gross vehicle weight for purposes of calculating and collecting the fee. Include the fee as one of the revenues pledged for debt service on transportation revenue bonds. Increase estimated transportation fund revenue by \$157,985,000 in 2015-16 and \$220,941,000 in 2016-17 to reflect the new fee. As an example, the Department indicates that a vehicle with a base MSRP of \$32,000 would be required to pay a fee of \$800.

4. MOTOR VEHICLE FUEL TAX CHANGES

SEG-REV	\$358,450,500
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Request that the existing 30.9 cents per gallon motor vehicle fuel excise tax be split into two components, effective September 1, 2015: (a) a fixed rate of 13.5 cents per gallon for gasoline and 16.3 cents per gallon for diesel fuel; and (b) a variable rate equal to 8.0% of the average, annual wholesale price of gasoline and diesel fuel in the state. Under this proposal, total excise tax rates for motor vehicle fuel would be increased to a minimum of 35.9 cents per gallon for gasoline and 40.9 cents per gallon for diesel fuel. Increase estimated revenues to the transportation fund by \$152,175,500 in 2015-16 and \$206,275,000 in 2016-17 to reflect the Department's proposal.

Establish the following mechanism to impose the variable excise tax rate for motor vehicle fuel:

a. Set the minimum, pre-tax wholesale price for gasoline at \$2.80 per gallon for gasoline (equivalent to \$3.313 per gallon at wholesale with current state and federal taxes) and \$3.081 per gallon for diesel fuel (equivalent to \$3.654 per gallon at wholesale with current state and federal taxes). These wholesale prices would then be multiplied by 8% to derive an initial variable rate for gasoline of 22.4 cents per gallon and an initial variable rate for diesel fuel of 24.6 cents per gallon. These rates would become the minimum variable rates for each fuel type, and would result in a total minimum excise tax rate of 35.9 cents per gallon for gasoline (a 13.5 cents per gallon fixed rate plus a 22.4 cents per gallon variable rate) and 40.9 cents per gallon for diesel fuel (a 16.3 cents per gallon fixed rate plus a 24.6 cents per gallon variable rate).

b. Beginning on April 1, 2016, and each April 1 thereafter, require the Department of Revenue (DOR) to calculate the variable excise tax rates for gasoline and diesel fuel by multiplying 8% by the average, annual pre-tax wholesale prices of gasoline and diesel fuel in Wisconsin, as determined by the federal Energy Information Administration. The annual adjustment could result in a reduction of the variable portion of the excise tax rates, but the rate could not go below the initial rates set on September 1, 2015. Specify that annual increases to the variable excise tax rates due to changes in the average, annual wholesale prices of gasoline

and diesel fuel in Wisconsin could not exceed 5%. Require DOT to publish and make notification of any new excise tax rates.

The Department's request does not anticipate any adjustment to the initial variable rates for either gasoline or diesel fuel on April 1, 2016, or April 1, 2017. The Department indicates that its projections of the average, annual pre-tax wholesale price of gasoline and diesel fuel for calendar years 2015 and 2016, derived using IHS Global Insight's consumer motor fuels price index, would not exceed the statutorily-established minimums. As a result, the variable component of the excise tax rates for gasoline and diesel fuel would not be adjusted.

On the date any variable excise tax rate change becomes effective, the current law floor tax would be imposed on any motor vehicle fuel held for sale or resale on which motor vehicle taxes have already been imposed at the prior rate (the Department estimates this would increase revenues by \$2.5 million in 2015-16, as a result of the September 1, 2015, excise tax rate change). Extend all refunds and exemptions associated with the current motor vehicle fuel tax to the proposed fixed and variable excise tax rates on motor fuel purchases.

Specify that the current law formula for adjusting the rates for compressed natural gas, liquefied propane gas, and liquefied natural gas would continue to apply to the total excise tax rate on gasoline, as affected by any adjustment to the variable component of that excise tax. This formula adjusts the tax rate for each alternate fuel by the ratio of the fuel content of that fuel to the fuel content of gasoline, expressed in BTUs. This would have the effect of increasing the tax rate for each of these fuel types by 16%.

The Department's request anticipates administrative costs of \$365,000 SEG in 2015-16 and \$65,000 SEG in 2016-17 for DOR. Although these amounts were not part of DOR's budget request, they are reflected in the "Other Agency Appropriations" line in the transportation fund condition statement, as are the anticipated 16% increases in the 2016-17 transfers to the conservation fund for recreational vehicles due to the higher fuel tax rates.

5. OVERSIZE/OVERWEIGHT VEHICLE PERMIT FEE INCREASE

SEG-REV	\$8,750,000
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Request that oversize and overweight vehicle fees be increased to double their current amount. Increase estimated transportation fund revenue by \$3,750,000 in 2015-16 and \$5,000,000 in 2016-17 to reflect the fee increases. Currently, the Department issues single trip, annual, and multiple trip permits for oversize and overweight vehicles and loads for a range of fees, as shown in the following table:

	<u>Current Fee</u>	<u>Proposed Fee</u>
Single Trip Permits		
Exceeding Length Limitations	\$15	\$30
Exceeding Width or Height Limitations	20	40
Exceeding Width and Height Limitations	25	50
Exceeding Weight Limitations	10% of annual trip fee	10% of annual trip fee
Sealed Loads in International Trade	30	60
Annual or Multiple Trip Permits		
Exceeding Length Limitations	\$60	\$120
Exceeding Width or Height Limitations	90	180
Exceeding Weight Limitations		
90,000 pounds or less	200	400
90,000 pounds to 100,000 pounds	350	700
Over 100,000 pounds		
Base Amount	350	700
Each 10,000 pounds over 100,000 pounds	100	200
Sealed Loads in International Trade	300	600
Certain Agricultural Products	300	600
Single Trip Permit Authorized by Annual Permit		
Size or Weight Authorized (Base Amount)	\$5	\$10
Each 10,000 pounds in Excess of Authorized Limits	15	30
With Annual Permit Suspended for Highway Protection	5	10
Consecutive Month Permit	1/12 th annual trip fee plus \$15	1/12 th annual trip fee plus \$30

6. HYBRID/ELECTRIC VEHICLE FEE

SEG-REV	\$5,657,800
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Request the creation of a \$50 fee, effective January 1, 2016, which would be paid in addition to the existing annual registration fee of \$75, for passenger vehicles designed for highway use that are powered by hybrid-electric or electric engines. Specify that the fee would apply to automobiles, vans, sport utility vehicles, and light trucks with a gross vehicle weight of 8,000 pounds or less, but would not apply to municipal-plated vehicles, farm-use-plated vehicles, motorcycles, or vehicles registered with a gross vehicle weight in excess of 8,000 pounds. Include the fee as one of the revenues pledged for debt service on transportation revenue bonds. Increase estimated transportation fund revenue by \$1,675,800 in 2015-16 and \$3,982,000 in 2016-17 to reflect the proposed fee.

7. MARKET-BASED FEES FOR BULK DATA AND RECORDS

SEG-REV	\$1,750,000
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Request that the Department be allowed to sell bulk data and records at market price. Current law limits the fee the Department can charge for records to its actual production cost of those records. On average, the Department charges \$0.75 per thousand records provided. Under

the requested fee structure, the Department would charge bulk data users based on a range of subscription periods at an average cost of \$16 per thousand records. Increase estimated transportation fund revenue by \$750,000 in 2015-16 and \$1,000,000 in 2016-17 to reflect this change.

8. STATE-OWNED RAIL LINE USER FEE

SEG-REV	\$962,500
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Request authority to impose a \$10 per carload user fee for railroads using state-owned rail lines. Estimated fee revenue would be \$412,500 in 2015-16 and \$550,000 in 2016-17. Define carloads as loaded freight railroad cars operated in revenue service. Require that all railroads operating on state-owned rail lines annually report the number of carloads hauled on those lines for the previous year no later than April 1.

9. INCREASE MOTORCYCLE REGISTRATION FEE

SEG-REV	\$305,200
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Request increasing the motorcycle, moped, and low-speed vehicle registration fee by \$1, from \$23 to \$24, effective October 1, 2015. Increase estimated transportation fund revenue by \$274,700 in 2015-16 and \$30,500 in 2016-17 to reflect the fee increase. Motorcycle and related registration fees, which are based on a two-year registration cycle, are prorated according to the month and year of registration in the cycle. By establishing a fee that is evenly divisible by 12, the Department intends to simplify the registration process when monthly proration occurs, decreasing the need to make change at service centers or to hold registrations in cases where registrants include the wrong amount with their registration application.

10. REGISTRATION CREDIT FOR DIESEL FUEL-POWERED PASSENGER VEHICLES

SEG-REV	- \$3,361,600
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Request the creation of a \$25 annual vehicle registration credit, effective January 1, 2016, for owners of diesel-powered automobiles, vans, sport utility vehicles, and light trucks with gross vehicle weights not over 8,000 pounds. Decrease estimated transportation fund revenue by \$1,099,000 in 2015-16 and \$2,262,600 in 2016-17 to reflect the decrease in revenue associated with the credit. The credit is intended to offset the additional cost for owners of these vehicles, compared to owners of similar vehicles that are powered with gasoline, of a requested increase in the motor vehicle fuel tax on diesel fuel that is five cents per gallon greater than that proposed for gasoline. The credit would equal the additional five cent per gallon tax on 500 gallons of diesel fuel.

11. NEW REVENUE SOURCE IMPLEMENTATION COSTS

SEG	\$850,300
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Request \$660,300 in 2015-16 and \$190,000 in 2016-17 for implementation costs associated with revenue-related initiatives requested by the Department (including the highway use fee, the hybrid/electric vehicle fee, and the diesel fuel passenger vehicle registration credit). The amounts requested would fund information technology system modifications, limited-term

employees (12 in 2015-16 and four in 2016-17), overtime, and additional postage costs. The Department indicates that the increases to staffing and overtime have been requested for testing and system verification, as well as increased outreach with the public and motor vehicle dealers. Of the amounts requested, \$505,000 in 2015-16 and \$121,100 in 2016-17 are associated with implementing the proposed highway use fee, while \$155,300 in 2015-16 and \$68,900 in 2016-17 are related to the combined implementation of the proposed hybrid/electric vehicle fee and the diesel fuel passenger vehicle registration credit (non-postage costs of \$138,100 in 2015-16 and \$34,500 in 2016-17 are shared and would be incurred whether one or both of these items are approved).

12. TOLLING FEASIBILITY STUDY

SEG	\$1,055,000
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Request \$345,000 in 2015-16 and \$710,000 in 2016-17 to fund a statewide tolling feasibility study. Although state law provides limited tolling authority to units of local government, currently, no statutory authority exists for state-sponsored tolling of roads and bridges. With limited exceptions, federal law generally restricts tolling on the interstate system and other federal aid highways. Funding the study would enable the Department to assess tolling implementation in various locations, evaluate public perceptions of tolling, and provide a recommendation for a tolling governance structure and necessary statutory changes to implement tolling. Although a preliminary tolling feasibility was conducted by a nongovernmental organization in 2011, the Department last commissioned such a study in 1983.

13. AUTHORIZATION TO COLLECT ODOMETER DATA AT VEHICLE REGISTRATION

Request statutory authority to collect, at the Department's discretion, odometer data as part of vehicle registration and re-registration. The Department indicates this authority would improve its ability to study the feasibility of implementing a mileage-based user fee in the future. Currently, odometer reading information is only collected as part of the titling process or the vehicle emissions testing process.

14. USE OF REVENUES FROM OTHER FUNDS TO SUPPORT TRANSPORTATION PROGRAMS

Under the Department's request, revenue from the general fund and the petroleum inspection fund would be used to support transportation programs. The table below shows these provisions, separated by ongoing, current law transfers and proposed changes. The proposed changes include: (a) an increase in the transfer of general fund taxes from 0.25% to 1.0%; (b) a transfer of the unencumbered balance at the end of each fiscal year in the petroleum inspection fund to the transportation fund; (c) funding the current mass transit aid program with general fund appropriations instead of transportation fund appropriations; and (d) funding new mass transit aid programs for route expansion and capital assistance from the general fund.

	<u>2015-16</u>	<u>2016-17</u>	<u>Biennial Total</u>
Current Law			
<i>General Fund</i>			
0.25% Transfer of General Fund Taxes	\$37,588,500	\$39,132,200	\$76,720,700
<i>Petroleum Inspection Fund</i>			
Ongoing Appropriation Transfer	<u>6,258,500</u>	<u>6,258,500</u>	<u>12,517,000</u>
Subtotal, Current Law Transfers	\$43,847,000	\$45,390,700	\$89,237,700
Budget Request			
<i>General Fund</i>			
Increase General Fund Taxes Transfer to 1%	\$112,765,500	\$117,396,800	\$230,162,300
Mass Transit Aid -- Current Program	111,388,500	113,906,000	225,294,500
Mass Transit Aid -- New Programs	19,044,400	31,177,600	50,222,000
<i>Petroleum Inspection Fund</i>			
Annual Balance Transfer	<u>21,000,000</u>	<u>21,000,000</u>	<u>42,000,000</u>
Subtotal, Budget Request Changes	\$264,198,400	\$283,480,400	\$547,678,800
Total			
General Fund	\$280,786,900	\$301,612,600	\$582,399,500
Petroleum Inspection Fund	<u>27,258,500</u>	<u>27,258,500</u>	<u>54,517,000</u>
Both Funds	\$308,045,400	\$328,871,100	\$636,916,500

15. INCREASE GENERAL FUND TRANSFER

GPR-Transfer	\$230,162,300
SEG-REV	\$230,162,300

Request that the statutory annual transfer from the general fund to the transportation fund of 0.25% of estimated general fund taxes, as published in the biennial budget act for each fiscal year, be increased to 1.0%, beginning in 2015-16. Based on the Department of Revenue's general fund tax estimates included in the November 20, 2014, summary of agency budget requests published by the Department of Administration, this item would result in increased transfers compared to current law equal to \$112,765,500 in 2015-16 and \$117,396,800 in 2016-17, increasing the total transfer to \$150,354,000 in 2015-16 and \$156,529,000 in 2016-17. These transfer amounts are higher than those anticipated when DOT submitted its budget request by \$3,386,100 in 2015-16 and \$5,668,200 in 2016-17.

16. TRANSFER OF PETROLEUM INSPECTION FUND BALANCES

SEG-REV	\$42,000,000
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Request the transfer any unencumbered, positive balances remaining in the petroleum inspection fund (PIF) at the end of each fiscal year to the transportation fund. This transfer would be in addition to the existing appropriation from the petroleum inspection fund to the transportation fund (\$6,258,500 in base funding). Estimate the transfer of \$21,000,000 annually in PIF revenues to the transportation fund associated with this request. As a result, the total estimated PIF revenues provided to the transportation would be \$27,258,500 annually (compared to total ongoing and one-time transfers of \$22,258,500 annually in the 2013-15 biennium).

The petroleum inspection fund was originally established to fund the petroleum environmental cleanup fund award (PECFA) program, which was created in response to federal legislation requiring the cleanup of underground storage tanks. The fund receives revenue from a 2.0 cents per gallon petroleum inspection fee on petroleum products (primarily home heating fuel and motor fuel) distributed in the state. Under the Department's request, DNR would continue to oversee the management of the PECFA program. Revenues to the petroleum inspection fund are first used by a trustee to pay for annual debt service on outstanding revenue bond obligations and interest on outstanding commercial paper obligations, both of which were issued to fund cleanup and remediation actions at PECFA sites. Remaining funds after annual debt service obligations are met are currently deposited to the petroleum inspection and used to cover: (a) PECFA program costs and administration; (b) petroleum inspection and tank regulation; (c) transfers to the transportation fund; (d) environmental and other programs in several state agencies; and (e) to make any payments on the program's outstanding commercial paper obligation principal.

17. ALLOCATION OF FEDERAL HIGHWAY AID

Request a reestimate of federal highway formula aid at \$710,598,700 in 2015-16 and \$710,461,800 in 2016-17, which represents a decrease of \$419,900 in 2015-16 and \$556,800 in 2016-17, relative to the 2014-15 appropriation base. Although the estimated aid amounts in 2015-17 are only slightly less than the base year allocation, the actual amount of the state's federal highway aid in the coming biennium, and in future fiscal years, remains uncertain. Federal highway trust fund collections have been and continue to be below annual program outlays. In August, 2014, Congress transferred \$9.7 billion from the federal general fund to the federal highway trust fund, ensuring the fund's solvency through May 31, 2015. However, it is unclear if additional transfers or other measures to address the ongoing issue of the fund's solvency will be approved in the future.

The Department's request would transfer federal highway aid from two local assistance programs, opting to support these program areas with state funds instead. A similar transfer and state fund replacement would occur with part of the federal funding for state trunk highway rehabilitation projects. The federal highway aid would be transferred to support southeast Wisconsin freeway megaprojects and the major highway development program. The highway safety improvement program, which currently receives federal funds through the local transportation facility improvement assistance appropriation, would continue to receive \$5,000,000 of federal funds in 2016-17 through a new, local transportation facilities improvement program appropriation. In addition, the request would create the traffic system management and operations appropriation, supported by \$4,102,500 annually in federal funds (of which \$1,102,500 annually would be funded by transferring the base year amount from the existing, federally-funded highway system management and operations appropriation).

The following table shows the change to the appropriation base requested by the Department and the resulting distribution of federal highway formula aid.

	Appropriation Base	Change to Base		Budget Request Totals	
		2015-16	2016-17	2015-16	2016-17
State Highway Rehabilitation	\$419,132,200	-\$63,916,800	-\$36,507,200	\$355,215,400	\$382,625,000
Southeast Freeway Megaprojects	78,053,100	0	64,238,000	78,053,100	142,291,100
Major Highway Development	78,263,500	60,000,000	60,000,000	138,263,500	138,263,500
Highway System Mgmt. and Ops.	1,102,500	-1,102,500	-1,102,500	0	0
Traffic System Mgmt. and Ops.	0	4,102,500	4,102,500	4,102,500	4,102,500
Departmental Mgmt. and Ops.	13,005,100	713,400	576,500	13,718,500	13,581,600
Administration and Planning	3,754,500	-216,500	-216,500	3,538,000	3,538,000
Local Transportation Facility Improvement Assistance	72,238,000	0	-72,238,000	72,238,000	0
Local Transportation Facilities Improvement Program	0	0	5,000,000	0	5,000,000
Local Bridge Improvement	24,409,600	0	-24,409,600	24,409,600	0
Railroad Crossing Improvements	3,291,800	0	0	3,291,800	3,291,800
Transportation Alternatives Congestion Mitigation/ Air Quality Improvement	7,049,300	0	0	7,049,300	7,049,300
	<u>10,719,000</u>	<u>0</u>	<u>0</u>	<u>10,719,000</u>	<u>10,719,000</u>
Total	\$711,018,600	-\$419,900	-\$556,800	\$710,598,700	\$710,461,800

18. TRANSPORTATION BOND SUMMARY

The following table summarizes the biennial usage of bonds for transportation projects in the 2013-15 biennium and under the Department's request for the 2015-17 biennium, by type of bond and program or project. The amounts shown for the use transportation revenue bonds reflect the SEG-S appropriations for the various programs using these bonds. These projects are initially financed through a temporary use of cash balances in the transportation fund. Eventually, bonds are sold to replenish those balances and this becomes the ultimate financing source for these projects. Due to this distinction, the SEG-S appropriation amounts in a budget do not always coincide with the amount of revenue bonds authorized.

	<u>2013-15</u>	<u>DOT Request for 2015-17</u>
Transportation Fund-Supported, General Obligation Bonds		
Freight Rail Preservation	\$52,000,000	\$60,000,000
Harbor Assistance	15,900,000	15,900,000
Compressed Natural Gas Fueling Stations	0	30,000,000
Hoan Bridge/Lake Interchange	200,000,000	0
Zoo Interchange	102,000,000	0
I-94 North-South Freeway	<u>5,000,000</u>	<u>0</u>
Subtotal	\$374,900,000	\$105,900,000
Transportation Revenue Bonds (SEG-S Appropriations)		
Major Highway Development	\$404,632,000	\$404,632,000
Southeast Wisconsin Freeway Megaprojects	0	280,000,000
Administrative Facilities	<u>11,880,000</u>	<u>14,694,000</u>
Subtotal	\$416,512,000	\$699,326,000
General Fund-Supported, General Obligation Bonds		
Zoo Interchange	<u>\$200,000,000</u>	<u>\$0</u>
TOTAL	\$991,412,000	\$805,226,000

19. TRANSPORTATION REVENUE BOND AUTHORIZATION

BR	\$814,325,900
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Request increased revenue bond authority of \$814,325,900, reflecting the Department's proposed use of revenue bonds for major highway development projects, southeast Wisconsin freeway megaprojects, and administrative facility construction projects. The Department's request proposes the total appropriation of \$699,326,000 in revenue bond proceeds during the biennium, allocated as follows: (a) \$202,316,000 annually for the major highway development program; (b) \$165,000,000 in 2015-16 and \$115,000,000 in 2016-17 for the southeast Wisconsin freeway megaprojects program; and (c) \$7,347,000 annually for administrative facility construction projects. Not all of this appropriation authority will result in bond sales in the 2015-17 biennium, due to the timing of projects. Similarly, some bond sales in the 2015-17 biennium will be associated with bond appropriation authority provided in the 2013-15 biennium. The Department's request is based on the level of remaining authorization, anticipated bond sales in the biennium for past appropriation authority plus a portion of the new appropriation authority, and \$115,000,000 in bond authorization to fund bond sales in the 2017-19 biennium related to projects started in the 2015-17 biennium.

20. TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- SOUTHEAST WISCONSIN FREEWAY AND HIGH-COST BRIDGE PROJECTS

SEG	\$44,561,700
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Request an increase in funding of \$25,625,500 in 2015-16 and \$18,936,200 in 2016-17 to reestimate debt service payments on existing transportation fund-supported, general obligation bonds authorized for southeast Wisconsin freeway reconstruction and high-cost bridge projects. With this reestimate, total debt service on these previously-authorized bonds would be \$89,807,600 in 2015-16 and \$83,118,300 in 2016-17.

21. TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- OTHER PROJECTS

SEG	\$52,752,200
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Request an increase in funding of \$26,585,400 in 2015-16 and \$26,166,800 in 2016-17 to reflect a reestimate of debt service payments on existing transportation fund-supported, general obligation bonds authorized for state highway rehabilitation, major highway development, freight rail, and harbor improvement projects. With this reestimate, total debt service on these existing bonds would equal \$61,072,800 in 2015-16 and \$60,654,200 in 2016-17. The Department's request would authorize additional bonds for freight rail (\$60,000,000), harbor improvement (\$15,900,000), and compressed natural gas (CNG) fueling station (\$30,000,000) projects. The debt service associated with the additional bonds for freight rail and harbor improvement projects is reflected under the entries for those programs (the budget request does not include any debt service for CNG fueling station projects).

22. TRANSPORTATION REVENUE BOND DEBT SERVICE REESTIMATE

SEG-REV	- \$48,909,600
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Request a decrease in estimated transportation fund revenue of \$12,435,500 in 2015-16 and \$36,474,100 in 2016-17 to reflect increases in the amount of vehicle registration revenue needed to pay principal and interest on transportation revenue bonds. Revenue bond debt service is paid from vehicle registration revenue prior to that revenue being deposited in the transportation fund. Consequently, debt service payments are considered negative revenue rather than a transportation fund expenditure. Total transportation revenue bond debt service in 2014-15 is estimated at \$236,978,700, an amount that is projected to increase under the Department's request to \$249,414,200 in 2015-16 and \$273,452,800 in 2016-17.

Local Transportation Aid

1. MASS TRANSIT OPERATING ASSISTANCE -- CONVERT BASE FUNDING TO GPR

GPR	\$215,086,400
SEG	- 215,086,400
Total	\$0

Request \$107,543,200 GPR annually and make a corresponding reduction of \$107,543,200 SEG annually to reflect the conversion of base level funding for DOT's mass transit operating assistance program from the transportation fund to the general fund, effective July 1, 2015. Create a continuing, GPR appropriation for each of the tiers of systems to fund the mass transit operating assistance payments. Modify references under DOT's urban mass transit assistance program to reflect the new appropriations. Effective July 1, 2019, repeal the SEG mass transit operating assistance appropriations and the statutory references to those appropriations.

2. MASS TRANSIT OPERATING ASSISTANCE -- FUNDING INCREASE

GPR	\$10,208,100
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Request \$3,845,300 in 2015-16 and \$6,362,800 in 2016-17 for the following purposes:

a. Funding 2015 Calendar Year Aid Increase. Provide \$3,194,300 annually to fully fund the 4% calendar year 2015 increase in mass transit operating assistance provided in 2013 Act 20. This funding would be distributed as follows: (a) \$1,851,700 annually for Tier A-1 (Milwaukee); (b) \$486,600 annually for Tier A-2 (Madison); (c) \$706,300 annually for Tier B transit systems; and (d) \$149,700 annually for Tier C systems.

b. Funding Increase for 2016 and 2017. Provide \$553,800 in 2015-16 and \$2,779,800 in 2016-17 to fund a 2% annual increase in calendar years 2016 and 2017 for each tier of systems as follows: (a) \$321,000 in 2015-16 and \$1,611,400 in 2016-17 for Tier A-1; (b) \$84,400 in 2015-16 and \$423,500 in 2016-17 for Tier A-2; (c) \$122,400 in 2015-16 and \$614,600 in 2016-17 for Tier B; and (d) \$26,000 in 2015-16 and \$130,300 in 2016-17 for Tier C.

c. Funding for New Tier C Systems. Provide \$97,200 in 2015-16 and \$388,700 in 2016-17 to provide funding to four, new Tier C transit systems. The Department indicates that the new systems would include: (1) the Scenic Mississippi Region transit system service connecting Prairie du Chien, Viroqua, Westby, and La Crosse; (2) the Lac du Flambeau Tribal service, which covers the Lac du Flambeau reservation and provides daily trips between the reservation and Minocqua and Woodruff; (3) the Tri-County Transit system providing service in Forest, Oneida, and Vilas counties; and (4) a Walworth County elderly and disabled transportation service expansion to the general public through a shared-ride taxi service.

Set the calendar year distributions as follows: (a) \$65,477,800 for 2016 and \$66,787,400 for 2017 and thereafter for Tier A-1; (b) \$17,205,400 for 2016 and \$17,549,500 for 2017 and thereafter for Tier A-2; (c) \$24,976,400 for 2016 and \$25,475,900 for 2017 and thereafter for Tier B; and (d) \$5,681,400 for 2016 and \$5,787,300 for 2017 and thereafter for Tier C.

Delete obsolete statutory references to aid payable to each tier of systems for calendar years 2012 to 2014. This request item also reflects the Department's request to convert the funding for mass transit operating assistance from SEG to GPR.

3. SUPPLEMENTAL TRANSIT EXPANSION PROGRAM

GPR	\$20,222,000
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Request \$4,044,400 in 2015-16 and \$16,177,600 in 2016-17 in a continuing appropriation to fund a new, supplemental transit expansion program aimed at promoting increases in transit availability and ridership. Establish calendar year funding for the program at \$16,177,600 in 2016 and thereafter. The funding level for 2015-16 reflects one quarter of the annual funding amount and would be provided to systems at the same time as the April, 2016, quarterly mass transit operating assistance program payments. The 2016-17 funding would support the remaining three quarterly payments for 2016 plus the first quarterly payment for 2017. The program would provide additional state operating assistance to meet three goals: (a) increase transit availability and ridership statewide; (b) establish additional transit service with a meaningful connection to employment; and (c) encourage economic development through enhanced transit services within a community.

The Department indicates that the program would be structured to allow new and existing transit systems to request additional funding for new routes as part of the state's mass transit operating assistance application process. Any new transit service beginning after January 1, 2016, or the reinstitution of services eliminated between January 1, 2010, and June 30, 2013, would be eligible for aid to cover up to 80% of the eligible service route's operating deficit (costs minus farebox revenues).

4. TRANSIT CAPITAL ASSISTANCE PROGRAM

GPR	\$30,000,000
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Request \$15,000,000 annually for the creation of a transit capital assistance program for transit systems eligible for state mass transit operating assistance. Create a continuing appropriation for the purposes of funding the program. Specify that eligible activities would include the replacement, rehabilitation, and purchase of buses and related equipment and the

construction of bus-related facilities. Require that funds may only be used for up to 80% of the total costs for which funds are awarded. However, specify that the program could fund 100% of the cost difference between the purchase of an alternative fuel or hybrid vehicle and an equivalent diesel powered vehicle.

Specify that no funds could be awarded for an enumerated major transit capital improvement project, which means a project that has a total cost of more than \$5,000,000 and which involves any of the following: (a) construction of a separate roadway designated for use by buses or other high-occupancy modes of travel; (b) initial construction or expansion of a light rail transit system; or (c) initial construction or expansion of a commuter rail transit system. Currently, the Dane County commuter rail project and the Milwaukee streetcar project are the only such projects.

5. TRANSIT COMPRESSED NATURAL GAS FUELING STATIONS PROGRAM

BR	\$30,000,000
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Request the creation of a transit compressed natural gas (CNG) fueling stations program for the purpose of providing grants of no more than \$3,500,000 per CNG fueling station project to eligible transit providers and the provision of \$30,000,000 in general obligation bonding authority to fund the grants. Modify an existing sum sufficient debt service appropriation from the transportation fund to allow debt service on the bonds to be repaid from the appropriation. Under the Department's request, no additional debt service is included for this program in the 2015-17 biennium.

Provide the Department with the authority to develop and create the program and to define eligible activities to be funded from the program under administrative rule. Define eligible transit providers as those transit providers eligible for state mass transit operating assistance. Specify that no funds could be awarded for an enumerated major transit capital improvement project, which means a project that has a total cost of more than \$5,000,000 and which involves any of the following: (a) construction of a separate roadway designated for use by buses or other high-occupancy modes of travel; (b) initial construction or expansion of a light rail transit system; or (c) initial construction or expansion of a commuter rail transit system. Currently, the Dane County commuter rail project and the Milwaukee streetcar project are the only such projects.

6. GENERAL TRANSPORTATION AIDS

SEG	\$18,033,000
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Request the following related to the general transportation aids program:

a. County Aid. Provide \$2,838,400 annually to fully fund the 4% calendar year 2015 increase provided in 2013 Act 20. The calendar year distribution would remain at the 2015 level (\$98,400,200) for calendar years 2016 and 2017 and thereafter.

b. Municipal Aid. Provide \$6,178,100 annually to fully fund the 4% calendar year 2015 increase provided in 2013 Act 20. The calendar year distribution would remain at the 2015

level (\$321,260,500) for calendar years 2016 and 2017 and thereafter. The mileage aid rate (\$2,202 per mile) would also remain at the calendar year 2015 level for calendar years 2016 and 2017 and thereafter.

7. TRANSIT SAFETY OVERSIGHT PROGRAM

SEG	\$144,300
FED	<u>577,500</u>
Total	\$721,800

Request the creation of a transit safety oversight program funded with \$71,600 SEG and \$286,600 FED in 2015-16 and \$72,700 SEG and \$290,900 FED in 2016-17. Provide the Department the authority to administer the program and with oversight, enforcement, investigation, and audit authority over all safety aspects of any fixed guideway systems in the state. Create continuing SEG and FED appropriations to provide the program funding. The FED amounts reflect anticipated federal funding for this purpose while the SEG amounts represent the required state match.

The Department's request indicates that the program and funding are necessary to meet the federal requirement that each state with a fixed guideway system in operation or in the engineering/construction stage must establish a state safety oversight agency (SSOA). Wisconsin has one fixed guideway system in operation, the 1.9-mile Kenosha area streetcar system, and one system in the engineering stage, the Milwaukee streetcar project. The federal surface transportation authorization act, Moving Ahead for Progress in the 21st Century (MAP-21), requires the state to establish an SSOA with the authority to enforce, investigate, and audit safety plans of any fixed guideway system. MAP-21 also requires that the SSOA have adequate staffing, and that staff have sufficient training and the proper Federal Transit Administration certifications. Failure to meet these federal requirements would result in the loss of the state's federal transit funding (currently about \$78 million).

8. ELDERLY AND DISABLED AIDS

SEG	\$437,600
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Request \$145,400 in 2015-16 and \$292,200 in 2016-17 for county assistance in the provision of elderly and disabled specialized transportation services. Total state funding for county assistance would equal \$13,768,800 in 2015-16 and \$13,915,600 in 2016-17. This would provide a 1% annual increase based on the combined SEG funding for county assistance and capital aids, but would provide the total increase in the appropriation for county assistance.

Request various statutory modifications to the program to reflect changes in federal law under the Moving Ahead for Progress in the 21st Century legislation that expands the allowable uses of federal capital program funds to include operating costs.

Local Transportation Assistance

1. LOCAL TRANSPORTATION FACILITIES IMPROVEMENT PROGRAM

SEG	\$98,363,100
FED	- 67,238,000
Total	\$31,125,100

Request \$690,000 SEG in 2015-16 and \$97,673,100 SEG and -\$67,238,000 FED in 2016-17, to fund a newly-created, local transportation facilities improvement program (LTFIP). In 2016-17, the new program would replace the federally-funded surface transportation program (STP) and the state-funded local road improvement program (LRIP). Most activities that were funded through the eliminated programs would continue to be funded through new, continuing SEG and SEG-L appropriations. The amounts requested under this item reflect the following changes: (a) the deletion of base funding in 2016-17 for the surface transportation (-\$72,238,000 FED) and local road improvement (-\$28,033,000 SEG) programs; (b) the provision of \$125,396,100 SEG in 2016-17 for local assistance under the new program; (c) the provision of \$690,000 SEG in 2015-16 and \$310,000 SEG in 2016-17 to fund startup and administration costs for the new program; and (d) the provision of \$5,000,000 FED in 2016-17 in a new, continuing appropriation under LTFIP to continue funding the highway safety improvement program (HSIP) at its current level.

Current Program Structure. STP and LRIP provide funding to units of local government for road improvements. Through a distribution formula that makes allocations to urban and rural areas as specified in federal law and state statute, STP provides federal funds for the improvement of major roads. LRIP provides state discretionary and formula funding for capital improvements on existing county, town, and municipal (city or village) roads, as well as feasibility studies for such programs. The current law program structures and funding levels for the programs would remain in place through 2015-16 and then be replaced by the new program in 2016-17. HSIP is a local assistance program that funds spot safety improvements in areas with high crash histories and is currently allocated \$5,000,000 in federal STP funds annually.

LTFIP Program Structure. Beginning in 2016-17, the LTFIP structure would be comprised of three components: (a) HSIP; (b) the local bridge improvement program (discussed in a separate item); and (c) local transportation infrastructure improvement. The Department indicates that \$125,396,100 SEG would be allocated within the local transportation infrastructure improvement component as follows: (a) \$38,131,500 would be distributed to urbanized areas with populations over 200,000; (b) \$67,264,600 would be distributed to counties, cities, villages, and towns through an entitlement allocation; and (c) \$20,000,000 would be allocated to a new, discretionary freight and economic development component of the program aimed at local projects necessary to enhance economic development in the state. Total funding for this component of the new program would increase by \$30,125,100 compared to the combined base year funding of \$95,271,000 allocated for STP and LRIP.

Under the Department's request, LTFIP projects, aside from the HSIP component, would be funded with only state and local funds. By removing the use of federal funding for these projects, the Department indicates that projects would not be subject to certain federal

requirements that would otherwise be required if federal funding were used on a project, which could enhance the Department's flexibility and provide some project cost savings.

Provide the Department the authority to administer the local transportation facilities improvement program and modify statutory references to the existing local road improvement program to refer instead to the new program, but retain the current LRIP statutory definitions. Require the Department to promulgate administrative rules for the new program and provide that the rules specify how the Department would allocate the available funding provided in the program appropriations. Specify that the state funds provided to the entitlement portion of the local transportation infrastructure improvement component of the program would be distributed for county trunk improvements, town road improvements, and city and village street improvements. Require that all the costs of an improvement project funded under the program would be the responsibility of the political subdivision. Specify that at completion of the improvement project, the political subdivision could apply to the Department for reimbursement of not more than 60% of the eligible costs in the manner and form prescribed by the Department (currently, STP projects require a minimum 20% local share and LRIP projects require a minimum 50% local share).

2. LOCAL BRIDGE IMPROVEMENT ASSISTANCE PROGRAM

SEG	\$34,284,500
FED	<u>- 24,409,600</u>
Total	\$9,874,900

Request \$34,284,500 SEG and -\$24,409,600 FED in 2016-17 to convert the local bridge improvement assistance program to an entirely state funded program and to provide increased funding of \$9,874,900. This would eliminate federal funding for the program in 2016-17.

Local units of government are eligible to apply for local bridge improvement assistance funds for local bridge projects not on state trunk highways or connecting highways. Local governments must provide a local match equal to at least 20% of the project cost. Under the Department's request, the existing SEG and FED funding makeup of the program would remain in place through 2015-16. The request does not specify any changes to the program's statutes or administrative rules. However, the Department indicates that the program would become a component of the newly-created local transportation facilities improvement program included in the Department's request. By removing the use of federal funding for the program, the Department indicates that projects would not be subject to certain federal requirements that would otherwise be required if federal funding were used on a project, which could enhance the Department's flexibility and provide some project cost savings.

3. FREIGHT RAIL PRESERVATION PROGRAM

BR	\$60,000,000
SEG	<u>1,953,600</u>
Total	\$61,953,600

Request \$60,000,000 in transportation fund-supported, general obligation bond authorization for the freight rail preservation program. Request an increase in funding of \$375,000 SEG in 2015-16 and \$1,578,600 SEG in 2016-17 to reflect estimated debt service on these bonds. The bonds authorized for this program may be used to acquire abandoned railroad lines or make improvements on lines already owned by the

state to upgrade them to modern freight rail standards. The amount of bonds requested would be \$8,000,000 higher than the amount provided in the 2013-15 biennium.

4. HARBOR ASSISTANCE PROGRAM

BR	\$15,900,000
SEG	<u>1,037,500</u>
Total:	\$16,937,500

Request \$15,900,000 in transportation fund-supported, general obligation bond authorization for the harbor assistance program. The requested amount would be equal to the total bond authority provided to the program in the 2013-15 biennium. However, unlike the 2013-15 amount, which included earmarks of \$5,900,000 for two specific projects, none of the amount under this request would be earmarked for any specific projects. Therefore, unearmarked funding would increase from \$10,000,000 in 2013-15 to \$15,900,000 in 2015-17. Request an increase of \$198,800 in 2015-16 and \$838,700 in 2016-17 to reflect estimated debt service on these bonds.

5. TRANSPORTATION FACILITIES ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM

SEG	\$4,000,000
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Request \$2,000,000 annually for the transportation facilities economic assistance and development (TEA) program. Specify that the state's cost share percentage on a TEA program grant would be increased from 50% to 80%. TEA grants are for improvements and expansions of transportation infrastructure and are intended to facilitate new employment, retain jobs, and lead to private investment in the state's economy. Road, rail, harbor, and airport projects are eligible to receive grants through the program. The Department indicates the additional funding would fund the requested modification to the state cost share percentage and anticipated greater demand for program grants due to this change. The program's statutory grant funding cap of \$1 million for any single project would remain the same under the Department's request. Annual grant funding would increase from \$3,402,600 to \$5,402,600.

6. MILWAUKEE TRAIN STATION OPERATIONS AND MAINTENANCE

SEG	\$1,296,400
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Request \$432,100 in 2015-16 and \$864,300 in 2016-17 to support operations and maintenance costs associated with the passenger concourse at the Milwaukee Intermodal Station (which is currently undergoing renovations). The concourse is open 24 hours per day, seven days per week, and serves over 1.3 million passengers per year. Operations and maintenance activities funded through the request would be supervised by the Division of Business Management and coordinated with the Division of Transportation Investment Management. Renovations of the concourse are scheduled for completion in December, 2015.

State Highway Program

1. STATE HIGHWAY IMPROVEMENT PROGRAM SUMMARY

The following tables compare total funding for state highway improvement programs in 2014-15 with proposed funding for those programs in the 2015-17 biennium. Since the highway improvement program relies on both current revenues (SEG and FED) and bond proceeds to fund program activity, both tables show the 2014-15 SEG and FED appropriation base, plus the amount of bonding that was allocated during 2014-15. The tables include two types of bonding: (a) general obligation bonds with GPR debt service; and (b) transportation revenue bonds. The first table breaks down the total funding for the improvement programs by current revenues (SEG/FED) and bonding, and shows the proposed change compared to the base year funding doubled, while the second table shows funding for the five individual programs.

Highway Improvement Program Summary

	2014-15 Base Plus Bonding	Department Request		Change to Base Plus Bonds Doubled	
		2015-16	2016-17	Amount	%
SEG/FED	\$1,059,092,700	\$1,381,314,700	\$1,439,664,700	\$702,794,000	33.2%
Bonds	<u>402,316,000</u>	<u>367,316,000</u>	<u>317,316,000</u>	<u>-120,000,000</u>	-14.9
Total	\$1,461,408,700	\$1,748,630,700	\$1,756,980,700	\$582,794,000	19.9%

Highway Improvement Funding Under the Department's 2015-17 Budget Request

	2014-15 Base Plus Bonding	Department Request	
		2015-16	2016-17
State Highway Rehab.			
SEG	\$388,216,700	\$499,969,100	\$601,409,500
FED	<u>419,132,200</u>	<u>356,132,200</u>	<u>383,541,800</u>
Total	\$807,348,900	\$856,101,300	\$984,951,300
Major Highway Development			
SEG	\$87,375,000	\$77,449,900	\$77,449,900
FED	78,263,500	138,263,500	138,263,500
Trans. Revenue Bonds	<u>202,316,000</u>	<u>202,316,000</u>	<u>202,316,000</u>
Total	\$367,954,500	\$418,029,400	\$418,029,400
SE Wis. Freeway Megaprojects			
SEG	\$8,052,200	\$198,646,900	\$92,708,900
FED	78,053,100	78,053,100	142,291,100
Trans. Revenue Bonds	0	165,000,000	115,000,000
Gen. Ob. Bonds (GPR)	<u>200,000,000</u>	<u>0</u>	<u>0</u>
Total	\$286,105,300	\$441,700,000	\$350,000,000
High-Cost Bridge			
SEG	\$0	\$15,800,000	\$1,000,000
Major Interstate Bridge Construction			
SEG	\$0	\$17,000,000	\$3,000,000
Improvement Program Total	\$1,461,408,700	\$1,748,630,700	\$1,756,980,700

2. STATE HIGHWAY REHABILITATION

SEG	\$321,590,400
FED	- 98,590,400
Total	\$223,000,000

Request an increase of \$110,000,000 SEG and a decrease of \$63,000,000 FED in 2015-16 and an increase of \$211,590,400 SEG and a decrease of \$35,590,400 FED in 2016-17 for the state highway rehabilitation program. The purpose of the state highway rehabilitation program is to preserve and make limited improvements to the state highway system (including most state bridges), such as resurfacing, reconstruction, and reconditioning.

The amounts requested reflect the following: (a) increased SEG funding of \$50,000,000 in 2015-16 and \$179,000,000 in 2016-17; (b) a transfer of \$60,000,000 FED annually to the major highway development program replaced by \$60,000,000 SEG annually transferred from that program; (c) a transfer of \$27,409,600 SEG in 2016-17 to the local transportation facilities improvement program replaced by \$27,409,600 FED in 2016-17 transferred from that program; and (d) a reduction of \$3,000,000 FED annually, which is then used to fund a corresponding increase in the restructured traffic system management and operations program for intelligent transportation system devices and traffic control signals.

The following table shows the total 2015-17 funding for the program under the Department's request, including standard budget adjustments (\$1,527,400 SEG annually) and a separate item for a construction manager/general contractor pilot program (\$225,000 SEG in 2015-16 and \$75,000 SEG in 2016-17), relative to the 2014-15 appropriation base. The amounts shown represent an increase of 6.0% in 2015-16 followed by an increase of 15.1% in 2016-17.

<u>Fund</u>	<u>2014-15 Base</u>	<u>Request</u>	
		<u>2015-16</u>	<u>2016-17</u>
SEG	\$388,216,700	\$499,969,100	\$601,409,500
FED	<u>419,132,200</u>	<u>356,132,200</u>	<u>383,541,800</u>
Total	\$807,348,900	\$856,101,300	\$984,951,300

3. MAJOR HIGHWAY DEVELOPMENT PROGRAM

SEG	- \$20,000,000
FED	<u>120,000,000</u>
Total	\$100,000,000

Request a decrease of \$10,000,000 SEG annually and an increase of \$60,000,000 FED annually to fund the major highway development program. The amounts requested reflect the following: (a) a transfer of \$60,000,000 SEG annually to the state highway rehabilitation program, which would be replaced by \$60,000,000 FED annually from that program; and (b) an increase of \$50,000,000 SEG annually.

Use of federal funding is subject to certain federal requirements, some of which can increase project cost and complexity. The Department's request is intended to consolidate federal funding into the major highway development program, which has fewer projects than the state highway rehabilitation program.

Relative to the base year funding, the requested amounts shown in the following table, which include standard budget adjustments of \$74,900 SEG annually, represent an increase of 13.6% in 2015-16, with additional increase for 2016-17.

<u>Fund</u>	<u>2014-15 Base</u>	<u>Request</u>	
		<u>2015-16</u>	<u>2016-17</u>
SEG	\$87,375,000	\$77,449,900	\$77,449,900
SEG-S (Revenue Bonds)	202,316,000	202,316,000	202,316,000
FED	<u>78,263,500</u>	<u>138,263,500</u>	<u>138,263,500</u>
Total	\$367,954,500	\$418,029,400	\$418,029,400

4. SOUTHEAST WISCONSIN FREEWAY MEGAPROJECTS

SEG	\$275,104,400
FED	64,238,000
SEG-S	<u>280,000,000</u>
Total	\$619,342,400

Request \$190,521,200 SEG in 2015-16 and \$84,583,200 SEG and \$64,238,000 FED in 2016-17 for the southeast Wisconsin freeway megaprojects program. In addition, request transportation revenue bond expenditure authority of \$165,000,000 in 2015-16 and \$115,000,000 in 2016-17 in a new, SEG-S appropriation. Specify that revenues from transportation revenue bonds may be used to fund southeast Wisconsin freeway megaprojects program activities. A southeast Wisconsin freeway megaproject is defined as an improvement project with an estimated cost exceeding \$558,800,000 in 2014 dollars (indexed annually to the cost of construction inflation), and must be enumerated in the statutes prior to construction. Currently, the Zoo Interchange and I-94 North-South freeway projects are the only ones enumerated. Request that the following additional projects be enumerated: (a) the I-94 East-West project (from 16th Street to 70th Street in Milwaukee County); (b) the I-894 Bypass and Hale Interchange project (primarily in Milwaukee County, with a short segment in Waukesha County); and (c) the I-94 Waukesha County project (from Willow Glen Road in Jefferson County to STH 100 in Milwaukee County).

The Department indicates the requested funding will allow work on the core of the Zoo Interchange project and ongoing construction of the I-94 North-South freeway project to remain on schedule in the 2015-17 biennium. The amounts requested would also fund initial work on the I-94 East-West freeway project and environmental impact studies, as required by federal law, associated with the I-894 bypass project and the I-94 project in Waukesha County.

The following table shows the Department's proposed allocation of megaprojects funding (including base funding, standard budget adjustments of \$73,500 SEG annually, and the funding under this item) for these projects.

	<u>2015-16</u>	<u>2016-17</u>	<u>Biennial Total</u>
Zoo Interchange	\$408,200,000	\$215,000,000	\$623,200,000
North-South Freeway	5,000,000	42,200,000	47,200,000
East-West Freeway	23,500,000	76,500,000	100,000,000
Environmental Studies	<u>5,000,000</u>	<u>16,300,000</u>	<u>21,300,000</u>
Total	\$441,700,000	\$350,000,000	\$791,700,000

5. HIGH-COST STATE BRIDGE RECONSTRUCTION

SEG	\$16,800,000
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Request \$15,800,000 in 2015-16 and \$1,000,000 in 2016-17 to fund the painting of the southern portion of the Hoan Bridge in Milwaukee County, change orders to the project's construction contract, and any remaining project costs. Painting of the northern half of the Hoan Bridge was funded in the 2013-15 biennium as part of the larger reconstruction project. Painting the remaining, one-mile long, southern portion of the two-mile long bridge is intended to protect the bridge's steel structure from corrosion, which is caused by exposure to the elements and deicing chemicals. The bridge reconstruction is scheduled for completion by the end of 2015.

6. MAJOR INTERSTATE BRIDGE CONSTRUCTION

SEG	\$20,000,000
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Request \$17,000,000 in 2015-16 and \$3,000,000 in 2016-17 to fund the completion of the St. Croix River bridge crossing between the states of Wisconsin and Minnesota, including associated approach work and the Wisconsin portion of a bicycle and pedestrian loop trail. The project is managed by the Minnesota Department of Transportation, with costs shared between the two states. Each state is responsible for the cost of its own approaches to the bridge, while the costs associated with the bridge structure are shared equally. The new, four-lane bridge, will connect Houlton, Wisconsin, with Stillwater, Minnesota, replacing the 80-year old Stillwater lift bridge. The main work on the bridge is scheduled for completion in 2016, with all work to be completed in late 2017.

7. STATE HIGHWAY MAINTENANCE PROGRAM SUMMARY

The following table compares total funding for the state highway maintenance programs in 2014-15 with proposed funding for those programs in the 2015-17 biennium. As shown, routine maintenance (which is primarily done by counties) would be funded at the base level. The Department's request would restructure the other two programs and shift base funding from the highway system management and operations program to the traffic system management and operations program (as restructured). In order to illustrate the requested increases to each program separately from the proposed restructuring, the "2014-15 Base Modified" column shows the base for each program after the restructuring adjustments. In total, the Department's request represents additional funding of \$123,104,200 over the base year doubled, which is a 23.3% increase.

**State Highway Maintenance Funding
Under the Department's 2015-17 Budget Request**

	2014-15 <u>Base Level</u>	2014-15 <u>Base Modified</u>	<u>Department's Request</u>	
			<u>2015-16</u>	<u>2016-17</u>
Routine Maintenance				
SEG	\$170,000,000	\$170,000,000	\$170,000,000	\$170,000,000
Highway System Management & Operations				
SEG	\$83,306,500	\$51,987,400	\$78,052,200	\$85,832,200
FED	<u>1,102,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$84,409,000	\$51,987,400	\$78,052,200	\$85,832,200
Traffic System Management & Operations*				
SEG	\$10,000,000	\$41,319,100	\$72,566,400	\$67,266,400
FED	<u>0</u>	<u>1,102,500</u>	<u>4,102,500</u>	<u>4,102,500</u>
Total	\$10,000,000	\$42,421,600	\$76,668,900	\$71,368,900
Maintenance Program Totals				
SEG	\$263,306,500	\$263,306,500	\$320,618,600	\$323,098,600
FED	<u>1,102,500</u>	<u>1,102,500</u>	<u>4,102,500</u>	<u>4,102,500</u>
Total	\$264,409,000	\$264,409,000	\$324,721,100	\$327,201,100

*Proposed structure; currently, this appropriation funds only intelligent transportation systems and traffic control signals.

8. HIGHWAY MAINTENANCE AND WINTER FUNDING

SEG	\$57,704,000
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Request \$24,962,000 in 2015-16 and \$32,742,000 in 2016-17 for maintenance of highways (including highway facilities, bridges, and other highway structures), construction of winter maintenance-related facilities, and deicing salt. These activities and program components are funded through the highway system management and operations appropriations.

In relation to maintenance of highways and bridges, the amounts requested would fund the following activities: (a) \$1,823,000 in 2015-16 and \$323,000 in 2016-17 to address increased costs and a maintenance backlog in the rest area management program, which provides day-to-day maintenance and repairs for the state's rest areas and waysides; (b) \$170,000 annually to fund increased bridge inspection and maintenance costs; (c) \$2,050,000 in 2015-16 and \$1,800,000 in 2016-17 to create an inspection and maintenance program for ancillary structures (such as retaining walls, noise barriers, ramp gates, and camera mounting structures); (d) \$720,000 annually to fund a statewide culvert inventory and inspection program; and (e) \$700,000 annually for increased costs related to freight route management and mitigation.

The amounts requested would also fund the following winter maintenance program activities: (a) \$15,949,000 in 2015-16 and \$19,329,000 in 2016-17 to fund the purchase of winter salt for the state highway system; (b) \$4,250,000 in 2016-17 to build more salt sheds to create additional storage capacity and to replace sheds that have exceeded their useful life; (c) one-time funding of \$3,500,000 in 2015-16 and \$5,400,000 in 2016-17 to build five regional salt storage

facilities and for the purchase of additional salt to create a strategic reserve (this is intended to increase salt storage capacity and reduce the need to buy additional salt during the winter, when demand and prices are usually higher); and (d) \$50,000 annually for increased winter maintenance activities other than those contracted to county highway departments.

9. TRAFFIC SYSTEM MANAGEMENT AND OPERATIONS FUNDING

SEG	\$57,194,600
FED	<u>6,000,000</u>
Total	\$63,194,600

Request \$31,247,300 SEG and \$3,000,000 in FED in 2015-16 and \$25,947,300 SEG and \$3,000,000 FED in 2016-17 for the restructured traffic system management and operations program. Request the following modifications to the state, federal, and locally-funded intelligent transportation systems and traffic control signals appropriations: (a) change the titles of these appropriations to traffic system management and operations; (b) eliminate the sunset provision for the existing appropriations (under current law, no funds may be expended from these appropriations after June 30, 2019); (c) expand the purpose of these appropriations, relative to current law, to include the range of traffic management and operations-related activities that are performed in this program area; and (d) transfer \$31,319,100 SEG, \$1,102,500 FED, and \$475,000 SEG-L annually to these appropriations from the existing highway system management and operations appropriations.

The current highway system management and operations program has three major program areas: highway maintenance, bridge inspection and maintenance, and traffic operations. The Department reports that the area of traffic operations has grown in recent years with computerized traffic control and monitoring systems and an increased safety focus, resulting in additional lighting, signage, and pavement marking, as well as more attention to work zone mitigation and traffic incident response and management. In addition to providing an increased level of funding, the Department's request is intended to alter the existing program structure so that the current traffic operations program area would be funded separately from activities more exclusively related to highway and bridge maintenance.

The amounts requested would fund the following activities: (a) \$6,500,000 SEG in 2015-16 and \$500,000 SEG in 2016-17 to replace the statewide traffic operations center's advanced traffic management system software; (b) \$1,350,000 SEG annually for traffic data acquisition, development, analysis, and maintenance; (c) \$2,500,000 SEG annually for light emitting diode (LED) highway system light replacements; (d) \$3,300,000 SEG in 2015-16 and \$2,300,000 SEG in 2016-17 for traffic control device maintenance; (e) \$6,000,000 SEG in 2015-16 and \$7,700,000 SEG in 2016-17 for pavement marking; (f) \$3,297,300 SEG annually for costs related to signage; (g) \$7,500,000 SEG and \$3,000,000 FED annually for the replacement, rehabilitation, and installation of intelligent transportation system (ITS) devices and traffic signals; and (h) \$800,000 SEG annually for increased costs associated with state staff oversight and review related to deployment of ITS device and traffic signal infrastructure.

10. STATE LIFT BRIDGE FUNDING

SEG	\$400,000
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Request \$200,000 annually to fund the estimated cost of state-owned lift bridge operations and maintenance. The Department owns 14 lift bridges in five counties. Although the bridges are operated by the counties in which they are located, the Department is responsible for these operational costs, as well as for the cost of maintaining the bridges. When added to the base funding for this purpose, this item would result in total funding of \$2,410,100 annually for state lift bridges (a separate appropriation of \$2,659,200 annually funds the cost of lift bridges on connecting highways).

11. CONSTRUCTION MANAGER/GENERAL CONTRACTOR PILOT PROGRAM

SEG	\$300,000
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Request \$225,000 in 2015-16 and \$75,000 in 2016-17 in the state highway rehabilitation appropriation to fund a pilot program for an alternative state highway project delivery and construction model [construction manager/general contractor (CMGC)]. Under current law, the Department must award bids to the lowest qualified bidder [often referred to as the design-bid-build (DBB) model]. During this process, the Department may contract with several different design consultants in addition to working with its own staff to develop a design for the bidding process. Instead, through the CMGC model, the Department would enter into initial contracts with a designer and a contractor. The contractor would act on behalf of the state with the designer during the design process. At a certain point in the design process, the contractor would provide the Department with a proposal (often a guaranteed maximum price for project delivery). At that point, the Department could choose to accept the contractor's proposal or could instead opt to revert to the DBB process. The Department indicates that the CMGC model may allow for more efficient and cost-effective delivery of projects that require specialized equipment or expertise. In addition to these requested funds, request statutory authority to enter into up to three CMGC-type projects. This authority would extend throughout the 2015-17 and 2017-19 biennia.

Motor Vehicles

1. INFORMATION TECHNOLOGY SYSTEM MODERNIZATION

SEG	\$5,500,000
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Request \$500,000 in 2015-16 and \$5,000,000 in 2016-17 to partially fund replacement and modernization of the Division of Motor Vehicles' information technology systems. Many of the DMV's systems were developed using software and computer languages that are no longer supported or are otherwise obsolete. In 2013, a private consultant found that 117 of DMV's 163 applications were at risk of failure. The Department indicates that changes in its business practices, upgrades to existing software that interacts with DMV's systems, and changes to these systems due to state law changes have resulted in custom programming that was costly and difficult to procure. The amounts requested represent the initial stage of the Department's 10-year

plan to replace the entire DMV information technology system, at an estimated cost of \$50 million.

2. LICENSE PLATE REISSUANCE CYCLE

SEG	\$3,200,000
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Request \$1,600,000 annually to fund a yearly reissuance cycle for the state's oldest vehicle license plates. Currently, the Division of Motor Vehicles reissues plates only as customers request them, with other replacements done only as the availability of funding allows. The Department reports that the industry standard for license plate replacement is a 10-year cycle. Badger State Industries produces license plates for the Department at a per-unit cost of \$5.48 (including related postal costs). The Department anticipates that the requested funding would allow for the replacement of 260,000 automobile and light truck plates and 40,000 other plates annually, which would completely replace one year's worth of plates each year.

3. POSTAGE INCREASE

SEG	\$2,143,900
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Request \$1,056,100 in 2015-16 and \$1,087,800 in 2016-17 to fund increased postage costs. The amounts requested reflect the Department's estimated budget shortfall for postage in the next biennium. The Department indicates the estimated shortfall is the result of federal rule adoption for centralized processing and postal delivery of REAL ID driver license and identification cards, changes to United States Postal Service products and pricing, and inflation since the Division's last budget increase for postage in 2002-03. As a result of these factors, the Department estimates its postage budget will end 2014-15 with a shortfall of \$1,025,400. The Department's estimate of its postal budget shortfall for 2015-16 and 2016-17 assumes a 3% increase over the prior year's shortfall in each year.

4. DRIVER LICENSE/IDENTIFICATION CARD CONTRACT

SEG	\$1,700,000
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Request \$680,000 in 2015-16 and \$1,020,000 in 2016-17 for increased costs associated with a new vendor contract for driver license and identification card redesign and production. The Department reports current driver license and identification cards no longer meet industry security standards. The current vendor contract will expire in November, 2015. A new, multi-year contract will begin at that time, and expire in 2022 (although the contract may be extended beyond this date by a maximum of three years). Under the new contract, the Department estimates the per-unit cost of card production will increase from \$2.25 to \$3.10. The Department attributes this cost increase to the added card security features (which may include features such as laser engraving and micro-optical printing), upgraded issuance software and equipment, and general cost increases associated with the new contract. Under the terms of the new contract, customers will also be able to track delivery of their driver license or identification card, through which the Department intends to reduce fraud and identity theft.

State Patrol

1. STATE PATROL RECRUIT CLASS FUNDING

SEG	\$2,312,200
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Request \$1,156,100 annually to fund recruit training classes for the Division of State Patrol in 2015-16 and 2016-17. The requested funds would be used for recruitment, screening, academy training, equipment, salary, fringe benefits, and post-training expenses. Following an initial screening and testing period, the Department expects that each class of 30 cadets would yield 25 newly sworn officers (troopers and inspectors). Based on current hiring assumptions and the rate of retirements and resignations (about two per month), the Department estimates it will have 30 sworn officer vacancies by the end of 2014-15 and that this will increase to 82 vacancies by the end of 2016-17 with no recruit training classes. The 2013-15 biennial budget provided \$1,369,000 in 2013-14 for recruit training, but did not provide any base funding in 2014-15 for that purpose.

2. STATE PATROL OVERTIME COSTS

SEG	\$2,298,600
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Request \$1,149,300 annually in 2015-17 for partial funding of overtime costs associated with the Division of State Patrol's current staffing practices. In the past four years, unreimbursed overtime hours have exceeded 64,000 annually. Unscheduled overtime, which is performed as needed, is frequently the result of troopers' involvement in crash response, intoxicated driver arrest, and sick leave coverage for other officers. The Division's annual overtime salary budget of \$1,043,600 has remained constant since 2002, during which time, the average rate of overtime base pay has increased from \$30.59 per hour to \$37.64 per hour in 2014. The Department indicates that the amounts requested, when added to the base year funding level, would fund 50,000 hours of overtime annually.

3. FLEET COSTS FOR SQUAD VEHICLES

SEG	\$1,336,000
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Request \$668,000 annually for costs associated with the Division of State Patrol's squad vehicles. Since 2010, the Department indicates fleet rates have risen by 23.3% because of increases to fuel and maintenance costs. The Department's Division of Business Management oversees the purchase and maintenance of squad vehicles, and charges the Division of State Patrol for their use. The amount requested reflects the expected budget shortfall associated with fleet costs for squad vehicles in each fiscal year of the 2015-17 biennium. The Department estimated this shortfall using the difference between its 2014-15 base budget allocation of \$4,140,200 and expected fleet expenditures for 2014-15 of \$4,808,200.

4. IN-VEHICLE RADIO REPLACEMENT

SEG	\$444,600
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Request \$222,300 annually for replacement of the Division of State Patrol's in-vehicle radios, which were purchased in 2007. The radios would be purchased through a five-year master lease, with annual payments totaling an estimated \$593,700 (base funding of \$371,400 plus this

request). The requested amount would fund the purchase of upgraded radios that would allow for officers to communicate with local law enforcement and public safety agencies whose analog radio systems are not compatible with the state's digital radio system. The new radios would also have a wireless feature that would eliminate the need for in-vehicle signal repeaters, which are necessary for out-of-vehicle communication with officers under the current system. As reported by the Department, signal feedback from these devices can interfere with radio communication when multiple squad vehicles are at the same location.

5. INCREASING FORFEITURE FOR FAILURE TO USE SEAT BELTS

Request an increase in the forfeiture for not wearing a seat belt from \$10 to \$25. Eliminate the range of forfeitures, currently from \$10 to \$25, for failure to properly secure a child who is at least four years old, but younger than eight years old. Instead, request that the forfeiture for failure to properly secure such a child be equal to \$25.

Unlike other forfeitures, a violation for failure to wear a seat belt, except for violations related to child safety, is not subject to payment of court costs and other assessments that apply to most traffic violations. The Department's request would make no statutory modifications to this treatment.

6. INTERSTATE AND INTRASTATE COMPLIANCE REVIEWS

Request that current law statutory provisions applying to common and contract motor carriers that operate in interstate commerce be modified to specify that they also apply to common and contract motor carriers engaged in strictly intrastate movement of products and people. Specify that the certificates and licenses that are required to operate as an interstate carrier would be required also for intrastate carriers.

The Department indicates that this change would allow the State Patrol to conduct motor carrier enforcement of intrastate motor carriers using the same set of procedures and standards currently used for interstate carriers and intrastate carriers involved with hazardous materials transportation, both of which are governed by federal rules. This includes the conduct of motor carrier compliance reviews, under which State Patrol inspectors and other personnel review motor carriers for their drivers' driving records and hours of service records and vehicle maintenance records, as well as other company and driver factors.

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Request adjustments to the base budget for: (a) turnover reduction (-\$4,446,700 SEG and -\$54,700 FED annually); (b) removal of noncontinuing elements (-\$407,100 SEG annually, -1.0 FED position in 2015-16, and -\$167,700 FED and -6.0 FED

	Funding	Positions
SEG	\$2,690,300	0.00
FED	196,700	- 6.00
SEG-S	- 92,600	0.00
PR	<u>742,800</u>	<u>0.00</u>
Total	\$3,537,200	- 6.00

positions in 2016-17); (c) full funding of continuing position salaries and fringe benefits (\$3,280,700 SEG, \$164,900 FED, -\$46,300 SEG-S, and \$204,900 PR annually); (d) overtime (\$2,754,300 SEG, \$67,300 FED, and \$166,500 PR annually); (e) night and weekend salary differential (\$256,800 SEG and \$4,700 FED annually); and (f) full funding of lease costs and directed moves (-\$226,600 SEG in 2015-16 and \$40,900 SEG in 2016-17).

2. FEDERAL AID REESTIMATES

FED	- \$26,593,600
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Request a decrease of \$13,296,800 annually to reflect a reestimate of federal transportation aid in the biennium, excluding federal highway aid. Adjust the federal appropriations for the following purposes to reflect the reestimated federal aid amounts: (a) -\$17,769,800 annually for urban and rural transit services, transportation employment and mobility, and intercity bus assistance; (b) \$2,355,800 annually for elderly and disabled aids; (c) -\$2,302,100 annually for aeronautics assistance; (d) \$1,377,600 annually for highway safety purposes, including highway safety coordination; (e) \$5,418,100 annually for local governments for the implementation of the federal highway safety program; (f) -\$2,366,400 annually for vehicle inspection and traffic enforcement; and (g) -\$10,000 annually for rail service assistance.

3. CAPITAL BUILDING PROJECTS

SEG-S	\$2,814,000
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Request \$1,407,000 annually in additional transportation revenue bond expenditure authority to fully fund the Department's capital building budget. Four of the Department's enumerated building projects are scheduled to begin in 2015-16. Assuming the requested funds are provided, the Department anticipates that two projects would be substantially complete by the end of 2016-17 and the remaining two projects would be completed early in 2017-18, with most expenditures occurring in the 2015-17 biennium. The total amount requested reflects the difference between \$11,880,000 (the base year expenditure authority doubled) and the total, anticipated cost of the projects, which is \$14,694,000. This total includes the following anticipated projects: (a) Division of State Patrol statewide communication towers (\$2,800,000); (b) Division of State Patrol Fond du Lac post relocation (\$5,904,000); (c) Division of Motor Vehicles northwest Milwaukee service center replacement (\$2,500,000); and (d) Division of Transportation System Development southwest region headquarters renovation (\$3,490,000).

4. OPERATIONAL COSTS RELATED TO CAPITAL BUILDING PROJECTS

SEG	\$1,200,000
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Request \$600,000 annually to fund operational costs related to the Department's existing capital building projects. Anticipated operational expenses include surge space rentals (temporary space for staff during renovation projects) and moving costs, which cannot be funded from transportation revenue bond proceeds used for design and construction of the Department's capital facilities. The Division of Business Management, which is responsible for paying for operational costs of capital projects, must fund these expenses through its operational budget. In 2015-16, the increase would fund operational costs associated with surge space for the Madison regional building project (\$400,000) and for the West Bend Division of Motor Vehicles renovation (\$200,000). In 2016-17, the increase would fund master planning activities associated with the Madison technical lab (\$150,000) and surge space related to the Superior office facility project (\$450,000). Ongoing funding would support operational costs associated with projects identified in the Department's six-year facility investment plan.

5. FLEET SERVICE CENTER COSTS

SEG-S	\$1,100,000
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Request \$550,000 annually in the Department's fleet service center appropriation to fund increased operational costs associated with 62 additional fleet vehicles. The Department purchased the additional vehicles because of increased demand following the addition of 180 departmental engineering positions, which were created through 2013 Act 20. The Department indicates that many employees in these positions are required to use fleet vehicles on an occasional basis, whereas others have personally-assigned fleet vehicles because of the large amount of in-state travel duties required by these positions. The amount requested reflects the anticipated annual operations and maintenance budget shortfall for the fleet service center in each year of the 2015-17 biennium as a result of the additional vehicles. The service center receives revenue through charges to other DOT appropriations to reflect the use of vehicles by employees funded through those appropriations. This item gives the service center the authority to spend those revenues.